

# **City of Burton**

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**Federal Awards  
Supplemental Information  
June 30, 2006**

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Plante & Moran, PLLC

Suite 1A

111 E. Court St.

Flint, MI 48502

Tel: 810.767.5350

Fax: 810.767.8150

plantemoran.com

## Independent Auditor's Report

Honorable Mayor and Members of City Council  
City of Burton

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton which collectively comprise the City's basic financial statements for the year ended June 30, 2006, and have issued our report thereon dated October 11, 2006. Those basic financial statements are the responsibility of the management of the City of Burton. Our responsibility was to express a opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burton's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

October 11, 2006

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Members of City Council  
City of Burton

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 11, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Burton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Burton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and Members of City Council  
City of Burton

This report is intended solely for the information and use of City Council, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

October 11, 2006

Report on Compliance with Requirements Applicable to Each Major Program and on Internal  
Control Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and Members of City Council  
City of Burton

**Compliance**

We have audited the compliance of the City of Burton with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The major federal programs of the City of Burton are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Burton's management. Our responsibility is to express an opinion on the City of Burton's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Burton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Burton's compliance with those requirements.

In our opinion, the City of Burton complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Honorable Mayor and Members of City Council  
City of Burton

### **Internal Control Over Compliance**

The management of the City of Burton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Burton's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of City Council, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

October 11, 2006

# City of Burton

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2006

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-Through Entity Project/Grant Number	Award Amount	Federal Expenditures
Department of Housing and Urban Development - Passed Through Genesee County				
Community Development Block Grant - 2004*	14.218	N/A	\$ 222,742	\$ 222,742
Community Development Block Grant - 2005*	14.218	N/A	17,249	17,249
Total Department of Housing and Urban Development				239,991
Department of Justice - Direct Programs:				
Local Law Enforcement Block Grant	16.592	N/A	27,029	22,200
Local Law Enforcement Block Grant	16.592	N/A	11,167	3,377
Total Law Enforcement Block Grant				25,577
Indirect Programs:				
Passed Through State of Michigan Department of Community Health				
Byrne Memorial Formula Grant	16.579	70983-4-04-B	495,000	120,002
Byrne Memorial Formula Grant	16.579	70983-5-06-B	43,815	29,895
Total Byrne Memorial Formula Grant				149,897
Total Department of Justice				175,474
Department of Transportation - Indirect Programs:				
Passed Through State of Michigan				
Highway Planning and Construction	20.205	N/A	157,434	21,947
Highway Planning and Construction	20.205	N/A	80,634	44,298
Highway Planning and Construction	20.205	N/A	38,895	13,348
Total Highway, Planning, and Construction				79,593
Passed Through State of Michigan Department of State Police				
Drive Michigan Safely	20.600	PT-05-34	34,629	12,934
Drive Michigan Safely	20.600	PT-06-33	30,794	14,171
Total Drive Michigan Safely				27,105
Total Department of Transportation				106,698



# City of Burton

## Schedule of Expenditures of Federal Awards (continued) Year Ended June 30, 2006

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-Through Entity Project/Grant Number	Award Amount	Federal Expenditures
Department of Homeland Security - Indirect Programs:				
Passed Through State of Michigan				
Homeland Security Grant	97.004	N/A	25,743	25,743
Law Enforcement Terrorism Prevention Program	97.004	N/A	26,973	26,973
State Homeland Security Program	97.004	N/A	14,818	14,818
Total Department of Homeland Security				67,534
U.S. Office of National Drug Control Policy - Indirect Programs:				
Passed Through Charter Township of Redford				
High Intensity Drug Trafficking Area (HIDTA)	07.unknown	N/A		3,947
COBIJA	07.unknown	N/A		911
Total U.S. Office of National Drug Control Policy				4,858
Election Assistance Commission - Indirect Programs:				
Passed Through State of Michigan				
Help America Vote Act	90.401	N/A	45,269	45,269
Help America Vote Act	90.401	N/A	63,672	22,872
Total Election Assistance Commission				68,141
Total Federal Financial Assistance				\$ 662,696

\* Denotes major program.

## City of Burton

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### **Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2006**

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 664,308
Less interest earnings on grant revenue received shown as federal revenue	<u>(1,612)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 662,696</u></u>

# City of Burton

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2006

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Burton and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount
		Provided to Subrecipients
Byrne Memorial Formula Program	16.579	110,709

# City of Burton

## Schedule of Findings and Questioned Costs Year Ended June 30, 2006

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major program(s):

<u>Federal Program Title</u>	<u>CFDA Number</u>
Community Development Block Grant	14.218

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low risk auditee? ☒ Yes ☐ No

# City of Burton

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## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2006

### Section II - Financial Statement Audit Findings

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Findings

None

### Section III - Federal Program Audit Findings

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Findings

None